QUESTUS LIMITED

Annual Report 2020

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QUESTUS

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CORPORATE DIRECTORY

DIRECTORS	David James Somerville (Executive Chairman) Robert William Olde (Non-Executive Director) Graeme Michael Goff (Executive Director)
COMPANY SECRETARY	Elizabeth Bee Hiang Lee Graeme Michael Goff
REGISTERED AND PRINCIPLE OFFICE	U3 110-116 East Parade, EAST PERTH WA 6004 Telephone: +61 8 6311 8332
AUDITORS	William Buck Audit (WA) Pty Ltd 3/15 Labouchere Rd SOUTH PERTH WA 6151
SOLICITORS	Steinepreis Paganin Level 4, Next Building 16 Milligan Street PERTH WA 6000
SHARES REGISTRY	Automic Registry Services level 2, 267 St Georges Terrace PERTH WA 6000 Telephone: + 61 8 324 2099 Facsimile: + 61 8 9315 2233
SECURITIES EXCHANGE LISTING	Questus Limited Shares are listed on the Australian Securities Exchange under the code QSS.
WEB SITE	www.questus.com.au
COMPANY DOMICILE AND LEGAL FORM	Questus Limited is a public Company limited by Shares, incorporated and domiciled in Australia.

LETTER FROM THE CHAIRMAN

Dear Shareholders

Attached is the Annual Report of Questus Limited (Questus, Parent Entity, the Company or Consolidated Entity) for the year ended 30 June 2020. The Company has incurred a loss after Income Tax for the year ended 30 June 2020 of $209,980 (2019: loss of $2,491,661).

During the year, Questus has continued its involvement in the affordable housing sector through its delivery and compliance management of incentives in the now discontinued, Federal Government's National Rental Affordability Scheme (NRAS).

The NRAS year ends on 30 April each year, and in the months of March to May is a critical time for the assessment of the compliance the NRAS properties. This critical time fell in the middle of the lock down due to COVID-19, and along with many others, our staff were required to work from home and notwithstanding the difficulties and adjustments required , were able to complete the assessments and upload required data with the Department of Social Services within the required timeline. I would personally like to thank our staff for the effort and professionalism during this difficult and unusual period.

In the early part of the 2020 financial year, the Western Australian property market was showing the early stage of recovery, however the impact of COVID-19 has stalled any recovery and had further delayed the delivery of the NRAS dwellings, and the ability for the Company to realise its property assets. This has impacted on the Company's revenues and profitability.

Management has continued to focus on repositioning the Company and has considered a number of strategic corporate opportunities which will enable the Company and Shareholders to pursue future growth and development. The Company has reviewed a number of alternative investment opportunities and are currently undertaking a due diligence on a significant transaction. The finalisation of the transaction is likely to require Shareholder approval at a meeting of the Shareholders.

Until any transaction is concluded the Company will continue with the delivery and management of its remaining NRAS Allocations.

The impact of COVID-19 has had an effect on everybody, and Questus has not been immune. It has changed the way we conducted our business activities which has required us all to adapt to a new normal. I would like to thank the Shareholders for their support, and the Board and staff for their efforts and commitment to the Company during this period.

Yours sincerely

DJ SOMERVILLE
Chairman

DIRECTORS

The names of the Company's Directors in office during the year and until the date of this report are as below.

DJ Somerville	appointed 22 October 2007	Executive
RW Olde	appointed 7 November 2007	Non-Executive
GM Goff	appointed 30 June 2017	Executive

DIRECTORSHIPS OF OTHER LISTED COMPANIES

DJ Somerville is a Director of CI Resources Ltd, an ASX Listed Company (since 2008).

The other current Directors do not hold, and have not held, Directorships of any other Listed Companies in the past three years other than the Company mentioned above.

DIRECTORS' QUALIFICATIONS AND EXPERIENCE

The Directors of the Company and their qualifications are set out below.

David James Somerville (B.Bus, MBA, CPA, AFAIM) *Executive Chairman*

Mr Somerville has a background as a Certified Practising Accountant with considerable experience in Capital Raising, Business Development and Property Development over 25 years. Mr Somerville was a Senior Partner with a large Western Australian accounting practice, where he was responsible for a large number of clients across a broad range of industries, through the provision of accounting, taxation and management services. Mr Somerville was the founding Director and Shareholder of the Consolidated Entity in 2003.

Robert William Olde (Dip FS, AIMM) *Non-Executive Director*

Mr Olde studied Commerce at Murdoch University and holds a Diploma in Financial Planning and also holds a Triennial Certificate as a Real Estate and Business Agent from the Real Estate Institute of Western Australia. Mr Olde has considerable experience in the Funds Management sector and is a Responsible Officer of the Companies within the Consolidated Entity that hold AFSL's.

Graeme Goff (B.Bus) *Executive Director & Joint Company Secretary*

Mr Goff is a qualified Accountant with over 30 years' experience in Public Practice and Commerce with a strong focus on compliance, management systems, year-end Financial Reporting and taxation. Mr Goff was previously employed as Chief Financial Officer of a Responsible Entity of a listed Property Trust and has extensive experience in Funds Management in the property sector. Mr Goff is currently Chief Financial Officer and joint Company Secretary of Questus Limited.

COMPANY SECRETARY

Elizabeth Bee Hiang Lee, Company Secretary – B Bus, GCIS, Grad.Dip. Corp. Gov. ASX Listed Entities

Ms Lee has over 19 years' experience in the areas of Corporate Governance and Company Secretarial functions. Prior to joining Questus, Ms Lee held Company Secretarial positions for Phosphate Resources Limited, Macmahon Holdings Limited, Corporate Compliance Partners and Lend Lease Primelife Limited. Ms Lee holds a Bachelor of Business majoring in Finance and Business Law from Edith Cowan University, a Graduate Diploma in Corporate Governance from Governance Institute of Australia, a Graduate Diploma in Corporate Governance for ASX Listed Entities from Kaplan Financial Institute and is a Fellow member of the Governance Institute of Australia.

DIRECTORS' MEETINGS & AUDIT, RISK & COMPLIANCE MEETINGS

The number of meetings of the Company's Board of Directors held during the year and the number of meetings attended by each Director were:

DIRECTOR	NUMBER OF MEETINGS ATTENDED	NUMBER OF MEETINGS ENTITLED TO ATTEND
DJ Somerville	12	12
RW Olde	12	12
GM Goff	12	12

The number of meetings of the Company's Audit, Risk and Compliance Committee held during the year and the number of meetings attended by each Committee Member were:

COMMITTEE MEMBER	NUMBER OF MEETINGS ATTENDED	NUMBER OF MEETINGS ENTITLED TO ATTEND
Jacqui Stewart	2	2
Reena Shah	2	2
Jamie Kelly	2	2

DIRECTORS' INTERESTS

As at the date of this report, the direct and indirect interests of the Directors in the Company were:

DIRECTOR	SHARES		OPTIONS (UNLISTED)	
	In Own Name	In Other Names	In Own Name	In Other Names
DJ Somerville	-	19,130,715	-	-
RW Olde	134,542	8,831	-	-
GM Goff	-	-	-	-

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity are as a participant in the State and Federal Government's National Rental Affordability Scheme incorporating boutique Funds Management.

RESULTS AND REVIEW OF OPERATIONS

The results of Questus Limited for the financial year reflect a loss of $209,980 (2019: loss of $2,491,661).

During the year, Questus has continued its involvement in the affordable housing sector predominantly through participation in the now discontinued National Rental Affordability Scheme (NRAS). Questus has continued working with Community Housing Groups and private property developers to delivery of affordable housing and management of the compliance of 3,400 NRAS incentives.

As a result of the Federal Government's decision to discontinue the NRAS, Questus has continued to focus on repositioning the Company allowing it to pursue a number of strategic corporate opportunities for the future growth and development.

FINANCIAL POSITION

The net liabilities of the Consolidated Entity were $941,308 as at 30 June 2020 (2019: net liabilities of $731,328).

DIVIDENDS

There was no dividend for the year ended 30 June 2020 paid or declared on Ordinary Shares (2019: Nil).

PERFORMANCE IN RELATION TO ENVIRONMENTAL REGULATION

The Company is not subject to significant environmental regulation in respect of its operating activities.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There are no other significant changes in the state of affairs.

EVENTS AFTER THE END OF THE REPORTING PERIOD

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations, the result of those operations or the state of affairs, in future years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Questus will continue to deliver its NRAS dwellings in Western Australia through Questus' own developments and partnering with other West Australian developers. As a result of the Federal Government's decision to discontinue the NRAS, Questus is actively pursuing a number of strategic corporate opportunities for the future growth and development and is currently undertaking a due diligence on a significant transaction. The proposed transaction is likely to require Shareholder approval at a general meeting of the Shareholders.

REMUNERATION REPORT (AUDITED)

The Remuneration Report, which has been audited, outlines the Key Management Personnel remuneration arrangements for the Consolidated Entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Remuneration Philosophy

The Board of Directors of Questus Limited is responsible for determining and reviewing compensation arrangements for Directors and the Executive Team. The Consolidated Entity's broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and level of performance and that the remuneration is competitive in attracting, retaining and motivating people of the highest quality.

Remuneration Details and Employment Terms

The Directors are remunerated based on the provision of services provided to the Company for Executive Management and for their services as Directors. The Directors fees are determined by the Company in general meeting and other consulting services are remunerated at levels agreed by the Board of Directors. Each Non-Executive Director receives a fixed fee for their services as Directors. There is no link between remuneration paid to any of the Directors and corporate performance such as bonus payments for achievement of certain key performance indicators. The Board considers the fees paid to Non-Executive Directors comparable to other companies.

The remuneration structure for Executive Officers, including Executive Directors, is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the Company. The contracts for service between the Company and Directors and executives are on a continuing basis the terms of which are not expected to change in the immediate future. Upon retirement, Directors and Executives are paid employee benefit entitlements accrued to date of retirement.

Employment contracts for Directors and Executives stipulate a range of one to three month resignation periods. Termination payments are not payable on dismissal for serious misconduct. The Company may terminate an employment contract without cause by providing the appropriate written notice under each contract or making payment in lieu, based upon the individual's remuneration together with a severance benefit. The key terms are disclosed below.

Mr Somerville and Mr Goff's employment is through Consultancy Agreements between subsidiary Companies Questus Funds Management, Questus Capital Solutions, Questus Administration Services Pty Ltd and Questus Securities Pty Ltd. where they provide the services as Executive Directors of Questus including the roles as Executive Chairman and Chief Financial Officer. The key terms of the Agreement are as follows:

Services

Part 1 – Services for Questus Administration Services Pty Ltd.

- Provision of Chairman, 2 Company Directors and company secretary of Questus Limited.
- Provision of 2 Company Directors to Questus Limited and Subsidiaries.
- Provision of Chief Executive Officer of Questus Limited and Subsidiaries.
- Provision of services of Chief Financial Officer to oversee the financing, accounting and reporting functions required by the Questus Limited and Subsidiaries.
- Signatories to all bank accounts operated by Questus Limited and subsidiaries.

Part 2 - Services for Questus Capital Solutions Limited including

- Provision of Responsible Managers for Australian Financial Services Licence.
- Marketing and distribution of the Provisional NRAS Allocations.
- Administration of sales activities.

REMUNERATION REPORT (AUDITED) (CONTINUED)

Part 3 – Services for Questus Funds Management Ltd.

- Services required to manage all components of the activation and ongoing compliance of the NRAS Allocations, including the provision of compliance staff, administration staff and premises.

Fees

Under the terms of the agreement the service fees are calculated as follows:

Part 1 is $15,000 per calendar month plus GST payable within 7 days after the receipt of tax invoice.

Part 2 Base monthly payment of $10,000 per month plus GST payable within 7 days after the receipt of tax invoice, plus Commission for the sale and distribution of Provisional NRAS Allocations where the sales in a calendar month exceed $100,000.

Part 3 Costs of actual wages of the compliance staff including their Payroll on costs plus a margin of 25%, and the cost of the rent and outgoings plus a margin of 15%.

Due to the impact of the COVID-19 on the Company, for the period from 1 March 2020 to the end of the financial year, the fees paid under the Consultancy Agreement were reduced by 50%.

Other Key Terms

- Agreement can be terminated by Questus with immediate effect due to unsatisfactory performance or material breach of the Agreement.
- Termination for other reason requires 30 days' notice.
- Professional Indemnity and Officers Insurance cover is to be provided by Questus.
- Expiry date – 31 August 2026.

Director	Salary per Annum plus Statutory Superannuation Contribution	Directors Fees	Notice for Termination	Termination Payments
DJ Somerville	-	$200,000	30 days' notice required	If notice is not provided, the Company is entitled to deduct an amount representing the number of weeks or days of the notice period that was not worked for.
GM Goff	$109,500	$100,000	30 days' notice required	If notice is not provided, the Company is entitled to deduct an amount representing the number of weeks or days of the notice period that was not worked for.
RW Olde	-	$39,000	Not required	Not required.

Voting and comments made at the Company's 2018 Annual General Meeting ('AGM').

At the 2020 AGM, a majority of the votes received supported the adoption of the Remuneration Report for the year ended 30 June 2020. The Company did not receive any specific feedback at the AGM regarding its remuneration practices. The latest determination for the aggregate remuneration of Non-Executive Directors was determined on 16 November 2004 with a total amount of $210,000 per annum.

REMUNERATION REPORT (AUDITED) (CONTINUED)

Names and Positions held of Consolidated and Parent Entity Key Management Personnel in Office at any time during the Financial Year are:

Key Management Person	Position
Mr DJ Somerville	Executive Chairman.
Mr RW Olde	Non-Executive Director.
Mr GM Goff	Executive Director.

Details of the Nature and Amount of each Element of the Remuneration of each Director of the Company for the Financial Year are as follows: Remuneration of Directors and Officers

30 June 2020	Primary			Post Employment	Equity	Total	
Name	Salary & Fees $	Cash Bonus $	Non Monetary Benefits $	Superannuation and Long Service Leave $	Options $	$	Total Option Related %
Directors:							
DJ Somerville (1)	200,000	-	-	-	-	200,000	-
RW Olde (1)	39,000	-	-	-	-	39,000	-
GM Goff (1) (2)	200,000	-	-	9,500	-	209,500	-
Total Remuneration:	439,000	-	-	9,500	-	448,500	-

30 June 2019							
Directors:							
DJ Somerville (1)	200,000	-	-	-	-	200,000	-
RW Olde (1)	39,600	-	-	-	-	39,600	-
GM Goff (1)	207,682	-	-	9,500	-	217,182	-
Total Remuneration:	447,282	-	-	9,500	-	456,782	-

(1) Salary includes consulting fees paid/payable to Directors and to related parties of Directors.

There are no other contracts to which a Director is a party or under which a Director is entitled to a benefit other than as disclosed in these financial statements.

Share Based Compensation

There are no Shares or Options issued to Directors as part of compensation during the year.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

REMUNERATION REPORT (AUDITED) (CONTINUED)

Name	Proportions of Elements of Remuneration Not Related to Performance Fixed Salary/Fee %		Proportions of Elements of Remuneration Related to Performance Options %	
	2020	**2019**	**2020**	**2019**
Directors:				
DJ Somerville	100%	100%	-	-
RW Olde	100%	100%	-	-
GM Goff	100%	100%	-	-

Additional Disclosures Relating to Key Management Personnel

Shareholding

The number of Shares in the Company held during the financial year by each Director and other members of Key Management Personnel of the Consolidated Entity, including their personally related parties, is set out below:

2020	Balance 01 July 2019 Ord	Granted as Remuneration Ord	On Exercise of Options Ord	Net Change Other Ord	Balance 30 June 2020 Ord
Directors					
DJ Somerville*	19,130,715	-	-	-	19,130,715
RW Olde*	143,373	-	-	-	143,373
GM Goff	-	-	-	-	-
Total	19,274,088	-	-	-	19,274,088

* Held either directly or indirectly.

Option Holding

There are no options over Ordinary Shares in the Company held during the financial year by any Director and other members of Key Management Personnel of the Consolidated Entity, including their personally related parties.

REMUNERATION REPORT (AUDITED) (CONTINUED)

Additional Information

The earnings of the Consolidated Entity for the five years to 30 June 2020 are summarised below:

	2020	2019	2018	2017	2016
	$	$	$	$	$
Sales revenue	2,626,901	1,281,400	1,595,593	10,190,420	15,182,200
EBITDA	208,981	(769,698)	(1,716,441)	1,332,531	5,442,141
EBIT	178,144	(779,876)	(1,732,284)	1,314,370	5,349,385
(Loss) / Profit after Income Tax	(209,980)	(2,491,661)	(1,867,100)	307,795	2,782,123

The factors that are considered to affect total Shareholders return ('TSR') are summarised below:

	2020	2019	2018	2017	2016
Shares Price at Financial Year End ($)	0.02	0.02	0.03	0.02	0.03
Total Dividends Declared (Cents per Shares)	-	-	-	-	-
Basic Earnings per Shares (Cents per Shares)	(0.23)	(2.69)	(2.01)	0.33	3.00

Other Transactions with Key Management Personnel and their Related Parties

(a) Loans

The following table sets out the related party loans included in the statement of financial position of the Consolidated Entity.

		2020	2019
Loan provided by:	**Loan provided to / (from):**	**$**	**$**
APMF Victoria Trust [2]	Questus Limited and its subsidiaries	3,750,000	4,050,000
APMF NSW Trust [2]	Questus Limited and its subsidiaries	1,765,000	2,065,000

REMUNERATION REPORT (AUDITED) (CONTINUED)

(b) Payables and Receivables

The following amounts appear as trade and other payables and trade and other receivables respectively in the statement of financial position of the Consolidated Entity.

	2020	2019
Debtors	**$**	**$**
Australia Property Mortgage Fund [2]	-	137,069

(c) Services provided to Questus Limited and its subsidiaries

		2020	2019
Service provided by	**Nature of services**	**$**	**$**
Questus Securities Pty Ltd [1]	Management fees	878,172	479,673
APMF NSW Trust [2]	Interest on loans	310,257	324,438
APMF Victoria Trust [2]	Interest on loans	150,471	165,200

[1] DJ Somerville and RW Olde are Directors of this Company.
[2] DJ Somerville and RW Olde are Directors of the Trustee Company for the Trust.

[End of Remuneration Report]

SHARES OPTIONS

As at the date of this report there were no options on issue.

No options were issued or exercised during year ended 30 June 2020 (2019: Nil).

INDEMNIFICATION AND INSURANCE OF OFFICERS

The Company has paid an insurance premium in respect of a contract insuring each of the Directors of the Company and its controlled entities and each Executive Officer against all liabilities and expenses arising as a result of work performed in their respective capacities, to the extent permitted by law, other than conduct involving a wilful breach of duty in relation to the Company.

INDEMNITY AND INSURANCE OF AUDITOR

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the Auditor of the Company or any related entity of the Auditor against a liability incurred by the Auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the Auditor of the Company or any related entity of the Auditor.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

NON AUDIT SERVICES

Details of the Amounts Paid or Payable to the Auditor for Non-Audit Services Provided During the Financial Year by the Auditor are Outlined in Note 27 to the Financial Statements.

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for Auditors imposed by the Corporations Act 2001. The Directors are satisfied that the service for tax lodgements did not compromise the external Auditor's independence for the following reasons:

- All non-audit services are reviewed and approved by the Directors prior to commencement to ensure they do not adversely affect the integrity and objectivity of the Auditor; and
- The nature of the services provided do not compromise the general principles relating to Auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants (including Independence Standards) set by the Accounting Professional and Ethical Standards Board.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is included within these financial statements.

This report is made in accordance with a Resolution of Directors.

GM GOFF
Director

Dated at Perth this 31st day of August 2020

Questus Limited is a boutique Funds Management Company operating in the Funds Management industry. Questus Limited is committed to protecting and enhancing Shareholder value and adopting best practice governance policies and practices. The Corporate Governance Statement outlines the main Corporate Governance practices that were in place throughout the financial year, which comply with the ASX Corporate Governance Principles and Recommendations released by the ASX Corporate Governance Council (third edition).

The following summarises the eight recommended ASX Principles of Good Governance and the Company’s policies and procedures against each of the principles. Where a recommendation has not been followed, this is clearly stated along with an explanation for the departure.

Principle 1 – Lay Solid Foundations for Management and Oversight

The Board which currently consists of three Non-Independent Directors, is the governing body of the Company. The Board and the Company act within a statutory framework – principally the Corporations Act and also the Constitution of the Company. Subject to this statutory framework, the Board has the authority and the responsibility to perform the functions, determines the policies and controls the affairs of Questus Limited.

The Directors are aware of their responsibilities and obligations to protect Shareholder's funds. Due care is taken to explain both the positive and negative aspects in all reports to highlight the inherent risks involved in the finance industry. The Board must ensure that Questus Limited acts in accordance with prudent commercial principles and satisfies Shareholders – consistent with maximising the Company’s long term value.

The Board of Directors determines the strategic direction of the Company by regularly monitoring and evaluating the performance and status of each of the Company's projects and activities.

Advice on the performance of the Company's business operations and investments is also provided by consultants and employees, where required. No formal evaluation of Board Members took place this financial year.

Senior Executives are provided with a written Employment Agreement which sets out the terms and conditions of their appointment. Senior Executives’ annual performance evaluations are conducted following the end of the financial year. No formal evaluation of Senior Executives took place this financial year.

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

Diversity Policy

Questus Limited recognises the value contributed to the organisation by employing people with varying skills, cultural backgrounds, ethnicity and experience. Questus believes a diverse workforce is the key to continued growth, improved productivity and performance.

We actively value and embrace the diversity of our employees and are committed to creating an inclusive workplace where everyone is treated equally and fairly, and where discrimination, harassment and inequity are not tolerated.

As at 30 June 2020 the Company has 25% of proportion of the Board Executives and Company Secretary are female.

A copy of the Diversity Policy can be found on the Questus website.

Principle 2 – Structure the Board to Add Value

The Board comprises an Executive Chairman, Executive Director and a Non-Executive Director. Full details of the Company's Board of Directors and their relevant experience and skills are detailed within the Directors' Report. The Company's Constitution requires that one third of the members of the Board retire by rotation each year but they are eligible for re-election.

Any new Director appointed holds office only until the next general meeting and is then eligible for re-election. The Board will ensure that any such person to be appointed as a Director possesses an appropriate level of qualifications, expertise and experience. Due to its size, the Company does not have a Nomination Committee. Key terms and conditions relating to the appointment of Non-Executive Directors are set out in a formal letter of appointment.

The Chairman is also the Managing Director, appointed by the full Board. A majority of the Board are also substantial Shareholders. The Board considers that given the size of the Company, it is more important that Directors are motivated to perform as a result of their Shareholding in the Company.

Principle 3 – Act Ethically and Responsibly

The Board places great emphasis on ethics and integrity in all its business dealings. In regard to principles 3.1, the Board considers the business practices and ethics exercised by individual Board Members and Key Executives to be of the highest standards.

The Board being committed to the highest standards of ethical business conduct has adopted a formal Code of Conduct to guide Executives, Management and Staff in carrying out their duties and responsibilities. The Code is subject to ongoing review to ensure that Questus Limited's standards of behaviour and corporate culture reflect best practice in corporate governance. The Code is based on the following key principles:

- acting with honesty and integrity,
- abiding by laws and regulations,
- respecting confidentiality and handling information in a proper manner,
- maintaining the highest standards of professional behaviour,
- avoiding conflicts of interest, and
- striving to be a good corporate citizen and to achieve community respect.

Questus Limited also has a number of specific policies, including the Directors' Code of Conduct that underpin the Code of Conduct and elaborate on various legal and ethical issues. These policies are designed to foster and maintain ethical business conduct within Questus Limited and govern such things as workplace and human resources practices, handling of confidential information, insider trading, risk management and legal compliance.

A formal Securities Trading Policy has been adopted, lodged and released to the market. This is to ensure compliance with the "insider trading" provisions of the Corporations Act by Executive Staff who may be in possession of sensitive information concerning the Company's affairs, prior to release to the market.

In addition, the Board has guidelines dealing with disclosure of interests by Directors in participating and voting at Board meetings where any such interests are discussed. In accordance with the Corporations Act, any Director with a material personal interest in a matter being considered by the Board must not be present when the matter is being considered and may not vote on the matter.

A copy of the Directors Code of Conduct, the Corporate Code of Conduct and the Securities Trading Policy can be found on the Questus website (www.questus.com.au).

Principle 3 – Act Ethically and Responsibly (continued)

The Board expects a high standard of ethical behaviour from all Directors and staff. A Code of Business Ethics has been developed outlining the policies and procedures which operate within the Company to ensure its exemplary reputation is maintained.

Principle 4 – Safeguard Integrity in Corporate Reporting

It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, including the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information.

The Company is responsible for the appointment of the external Auditors of the Company, and will from time to time review the scope, performance and fees of those external Auditors. The Company has appointed William Buck Audit (WA) Pty Ltd (William Buck) as its Auditors. William Buck manage the external audit and will attend the 2020 AGM and be available to respond to Shareholder questions relating to the external audit.

The Board has established an Audit Risk & Compliance Committee. It has 3 members, all of whom are external consultants. The Committee is chaired by an Independent Chair who is an external consultant. The Committee's members are Jacqui Stewart (Chairperson), Reena Shah, Jamie Kelly.

Meetings are held at least quarterly. Details of the number of times the Audit Risk & Compliance Committee met throughout the 2020 financial year and individual attendances of the members at those meetings is contained in the Committee Meetings section of the Directors' Report on page 5 of the 2020 Annual Report.

Principle 5 – Make Timely and Balanced Disclosure

The Company complied with all disclosure requirements to ensure that it manages the disclosure of price sensitive information effectively and in accordance with the requirements as set out by regulatory bodies. All market disclosures are approved by the Board.

The Executive Chairman and Company Secretaries are authorised to communicate with Shareholders and the market in relation to Board approved disclosures. The Executive Chairman and Company Secretaries are responsible for ensuring compliance with the continuous disclosure to the Australian Securities Exchange, analysts, broker, Shareholders, the media and the public.

The continuous disclosure requirements are set out in the ASX Listing Rules. The Rules require the Company to immediately notify the ASX of any information concerning the Company, which a reasonable person would expect to have a material effect on the price of securities. When considering the disclosure of information due consideration should also be given to the exemptions (carve outs) granted under the ASX Listing Rules in respect of continuous disclosure.

The Company shall disclose:

- All information that is required to be disclosed pursuant to ASX Listings Rules.
- The Board, collectively, has primary responsibility for ensuring that the Company complies with its disclosure obligations.
- The Board will monitor news sources and seek to avoid the emergence of a false market in the Company's securities. However, it is recognised that this may not be possible pursuant to ASX Listing Rule 3.1.B.
- The confidentiality of corporate information will be safeguarded to avoid premature disclosure.
- The Company Secretaries are appointed as the Disclosure Officer in compliance with ASX Listing Rules. All Directors and employees must immediately inform the Disclosure Officer if they obtain material information.

A copy of the Continuous Disclosure Policy can be found on the Questus website (www.questus.com.au).

Principle 6 – Respect the Rights of Security Holders

The Company has a positive strategy to communicate with Shareholders and actively promote Shareholder involvement in the Company. It aims to continue to increase and improve the information available to Shareholders on its website. All Company announcements, presentations to analysts and other significant briefings are posted on the Company's website after release to the Australian Securities Exchange.

In addition, the Company has made available an email address for Shareholders and investors generally to make enquiries of Questus and to register with the Shares Registry to receive communications electronically.

Questus encourages and welcomes Shareholder participation at general meetings with the AGM being the major forum for Shareholders to ask questions about the performance of Questus and to provide feedback.

Principle 7 – Recognise and Manage Risk

The Board has adopted a formal Risk Management Policy. The Board's collective experience assist in enabling accurate identification of the principal risks which may affect the Company's business. Identifying key operational risks and their management will be recurring items for deliberation at Board meetings.

The Board oversees the establishment, implementation and ongoing review of the Company's risk management and internal control system. Recommendation 7.1 requires the establishment of a Risk Committee. Refer to details of Audit Risk & Compliance Committee under Principle 4.

The Board has received assurance from the Executive Chairman and the Chief Financial Officer that, the Directors' declaration provided in accordance with section 295A of the Corporations Act, is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to Financial Reporting risks.

Principle 8 – Remunerate Fairly and Responsibly

The Board is responsible for determining and reviewing compensation arrangements for the Directors, the Executive Chairman and Senior Executives. The Directors are remunerated based on the provision of services provided to the Company for executive management and for their services as Directors. The Directors fees are determined by the Company in general meetings and other consulting services are remunerated at levels agreed by the Board of Directors. Access is available to the Company's Auditors and Senior Managers, and the ability to consult independent experts when necessary.

In relation to Non-Executive Directors, there are presently no schemes for termination or retirement benefits, other than statutory superannuation.

The Board recognises that the interests of all stakeholders will be best served when the Company, its Directors and staff adhere to highest standards of business ethics and comply with the law.

EXPLANATION FOR DEPARTURE FROM BEST PRACTICE RECOMMENDATIONS

The Company has complied with each of the Eight Essential Corporate Governance principles and the corresponding Best Practice Recommendations as published by ASX Corporate Governance Council ("ASX Corporate Governance Principles and Recommendations released by the ASX Corporate Governance Council (third edition).") other than in relation to the matters specified below.

Principle No	Best Practice Recommendation	Compliance	Reason for Non-Compliance
1.6	Disclose the process for performance evaluation of the Board, individual Directors and Senior Executives	The Board and individual Directors are constantly aware of the Company's Shares price, market capitalisation and its financial performance. There is no formal policy for evaluating performance. However, the Company maintains regular contact with financial advisors and stockbrokers seeking third party feedback on the Company's performance in order to continue to seek improvement in this area.	In a competitive environment such as the sector in which Questus Limited operates, market forces will ensure that the Board and individual Directors are judged based upon the performance of the Company both relative to the market and relative to its particular circumstances. Given the size and scope of operations and the size of the Board, day to day management is conducted under the control of the Executive Chairman and all major decisions are assessed at Board level. Accordingly, the Company does not evaluate the performances of Senior Executives.
2.1	The Board should establish a nomination committee	The Board does not have a nomination committee.	The Board Members have concluded that no efficiencies would be achieved by establishing a separate nomination committee. The functions of any nomination committee are normally undertaken by the full Board.

Principle No	Best Practice Recommendation	Compliance	Reason for Non-compliance
2.3, 2.4 and 2.5	Disclose the names of Directors considered to be independent Directors The majority of the Board and the Chairman should be Independent Directors and the Chair should not be the same person as the CEO	Directors DJ Somerville (Managing Director and Chairman of the Board) and RW Olde (Non-Executive Director) do not satisfy the test of 'independence' as set out in the ASX Corporate Governance Council Practice Recommendations. DJ Somerville and RW Olde are Substantial Shareholders of the Company. DJ Somerville is an executive of the Company. GM Goff is an Executive Director and Chief Financial Officer of the Company. In light of the above, the Company does not comply with the Best Practice Recommendations requirement of having a majority of independent Directors.	The Board considers that given the current size of the Company, it is more important that Directors are motivated to perform as a result of their Shareholding in the Company and involvement in day-to-day activities.
8.1	The Board should establish a Remuneration Committee	The Company does not have a Remuneration Committee.	Given the size and scope of the Company's operations, and the size of the Board it is not considered that a Remuneration Committee is necessary. Accordingly, the Company does not have a Remuneration Committee.
8.2	Clearly distinguish the structure of Non-Executive Directors remuneration from that of Executives	Executive Directors receive a fixed salary pursuant to a contract plus a fixed annual Director's fee. Non-Executive Directors do not receive a fixed salary but are entitled to Director's fees approved by Shareholders and fees for additional services provided up to a maximum of $210,000 per annum in aggregate.	Individuals must be remunerated for the risks of being a Director of a public Company. It is not feasible to attract quality Directors unless they can be appropriately remunerated for their efforts and the risks undertaken.

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF QUESTUS LIMITED

I declare that, to the best of my knowledge and belief during the year ended 30 June 2020 there have been:

— no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

— no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck Audit (WA) Pty Ltd
ABN 67 125 012 124

CM

Conley Manifis
Director
Dated this 31st day of August 2020

ACCOUNTANTS & ADVISORS

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 $	2019 $
Revenue	3	2,549,951	1,265,727
Other income	3	76,950	120,449
		2,626,901	1,281,400
Employee benefits expenses		(53,095)	(162,883)
Direct development costs		-	(417,885)
Selling costs		(7,645)	(2,525)
Depreciation and amortisation		(30,837)	(10,178)
Impairment of assets and investments	3a	(589,192)	(188,898)
Provision for expected credit losses	3b	(161,530)	(250,750)
Other expenses	3c	(1,606,458)	(1,028,157)
(Loss) / profit before tax and finance costs		178,144	(779,876)
Finance costs		(467,084)	(513,358)
(Loss) / profit before Income Tax		(288,940)	(1,293,234)
Income Tax benefit / (expense)	4	78,960	(1,198,427)
(Loss) / profit from continuing operations		(209,980)	(2,491,661)
Other comprehensive (loss) net of Income Tax		-	-
Total comprehensive (loss) for the year		(209,980)	(2,491,661)
Loss per Shares (cents per Shares) - basic and diluted for loss for the year	5	(0.23)	(2.69)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Notes	2020 $	2019 $
ASSETS			
Current Assets			
Cash and cash equivalents	6	509,257	488,085
Trade and other receivables	7	1,126,632	1,637,515
Inventories	8	124,021	124,021
Other assets	9	58,331	59,151
Total Current Assets		1,818,241	2,308,772
Non-Current Assets			
Other financial assets	10	4,043	4,312
Trade and other receivables	7	215,074	215,076
Inventories	8	1,490,000	2,078,922
Deferred Tax asset	17	925,960	847,000
Plant and equipment	12	74,296	33,892
Right of use asset	12	21,102	-
Intangible assets	13	548,234	548,234
Total Non-Current Assets		3,278,709	3,727,436
TOTAL ASSETS		5,096,950	6,036,208
LIABILITIES			
Current Liabilities			
Trade and other payables	14	228,734	234,980
Lease Liability	16	6,665	-
Interest-bearing liabilities	15	272,826	417,556
Total Current Liabilities		508,225	652,536
Non-Current Liabilities			
Lease Liability	16	15,033	-
Interest-bearing liabilities	15	5,515,000	6,115,000
Total Non-Current Liabilities		5,530,033	6,115,000
TOTAL LIABILITIES		6,038,258	6,767,536
NET ASSETS / (LIABILITIES)		(941,308)	(731,328)
EQUITY			
Issued capital	18	19,556,370	19,556,370
Accumulated losses	20	(20,650,568)	(20,440,588)
Reserves	19	152,890	152,890
TOTAL EQUITY		(941,308)	(731,328)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 $	2019 $
Cash flows from operating activities			
Receipts from customers		2,927,763	1,674,273
Payments to suppliers and employees		(1,861,165)	(699,074)
Payments for inventories		-	(867,686)
Interest received		1,938	5,073
Interest and borrowing costs paid		(608,421)	(437,546)
Net cash (used in) / generated by operating activities	21a	**460,115**	**(324,960)**
Cash flows from investing activities			
Purchase of plant and equipment		(65,335)	(13,669)
Proceeds from disposal of subsidiary		-	316,076
Net cash generated by investing activities		**(65,335)**	**302,407**
Cash flows from financing activities			
Proceeds from borrowings		208,083	58,450
Repayments of borrowings		(573,531)	(830,199)
Principal elements - Lease Liability Payment		(8,160)	-
Release of security bond		-	-
Net cash used in financing activities		**(373,608)**	**(771,749)**
Net (decrease) / increase in cash and cash equivalents		21,172	(794,302)
Cash and cash equivalents at beginning of year		488,085	1,282,387
Cash and cash equivalents at end of year	6	**509,257**	**488,085**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

	Issued Capital	Accumulated Losses	Shares Option Reserve	Total
	$	$	$	$
At 1 July 2018	19,556,370	(17,948,927)	152,890	1,760,333
Loss for the year	-	(2,491,661)	-	(2,491,661)
Other comprehensive income for the year, net of Income Tax	-	-	-	-
Total comprehensive loss for the year	-	(2,491,661)	-	(2,491,661)
At 30 June 2019	19,556,370	(20,440,588)	152,890	(731,328)
At 1 July 2019	19,556,370	(20,440,588)	152,890	(731,328)
Loss for the year	-	(209,980)	-	(209,980)
Other comprehensive income for the year, net of Income Tax	-	-	-	-
Total comprehensive loss for the year	-	(209,980)	-	(209,980)
At 30 June 2020	19,556,370	(20,650,568)	152,890	(941,308)

The accompanying notes form part of these financial statements.

1 CORPORATE INFORMATION

This Financial Report of Questus Limited ('Company' or 'Consolidated Entity') for the year ended 30 June 2020 comprises the Company and its subsidiaries ('Group' or 'Consolidated Entity').

The separate financial statements of the Parent Entity, Questus Limited, have not been presented within this Financial Report as permitted by the *Corporations Act 2001.*

Questus Limited is a Company limited by Shares incorporated in Australia whose Shares are publicly traded on the Australian Securities Exchange.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance and Basis of Preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001*,* Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards as issued by the International Accounting Standards Board*.* The Group is a For-Profit entity for Financial Reporting purposes under the Australian Accounting Standards.

Material accounting policies adopted in the preparation of this Financial Report are presented below. They have been consistently applied unless otherwise stated.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

This financial report is presented in Australian dollars which is the Company's functional currency and presentation currency. Items included in the financial statements of each of the Consolidated Entity's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

New and Revised Accounting Standards

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2019, other than for the impact of the adoption of new and revised Standard and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to the consolidated entity and effective for annual reporting periods beginning on or after 1 July 2019.

There have been no new and revised standard that have had a significant impact on the measurement or disclosure requirements of the Group, except as noted below.

(a) New and revised Standards adopted by the Group.

The new leasing standard, effective 1 July 2019, replaces AASB 117 Leases and requires that:

- All leases are 'capitalised' by recognising the present value of the lease payments and showing them either as lease assets (rights-of-use assets) or together with intangible assets.
- A financial liability is recognised representing obligations to make future lease payments.

The standard permits either a full retrospective or a modified retrospective approach for the adoption. AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption as at 1 July 2019 is as follows:

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

STATEMENT OF FINANCIAL POSITION	*Current Closing* **30 June 2020**	*Current Opening* **AT 1 July 2019**
	$	$
Right of Use Asset		
Right of Use Asset - Cost	27,854	27,854
Right of Use Asset - Accumulated Depreciation	(6,752)	-
Right of Use Asset - Closing Balance	21,102	27,854
Current Liabilities		
Lease Liability	6,665	5,906
Non-Current Liabilities		
Lease Liability	15,035	21,948
Total Lease Liability	**21,700**	**27,854**
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
Interest expense	2,006	1,064
Depreciation expense	6,752	3,440

Right of Use Asset

A right of use asset is recognised at the commencement date of a lease. The right of use asset is measured at cost, which comprises the initial amount of the lease liability adjusted for, as applicable, an lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and , except where include in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset and restoring the site or asset.

Right of use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Accounting Standards not yet mandatory or early adopted

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 January 2020 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the consolidated entity has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the consolidated entity may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the consolidated entity's financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement of Compliance and Basis of Preparation (Continued)

(b) Going Concern

The financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Group has incurred net losses after tax of $209,980 (2019: $2,491,661). As at 30 June 2020, the Group had cash assets of $509,257 (2019: $488,085) and net liabilities of $941,308 (2019: $731,328).

Questus Funds Management Limited is an approved participant under the NRAS and is responsible for the compliance management of 3,400 active incentives. Based on the cash flow forecasts of the Company, 12 months from the date of signing the financial report, the directors are satisfied that the going concern basis of preparation is appropriate.

Should the Group be unable to achieve the matters set out above, there is material uncertainty whether the Group will be able to continue as a going concern and therefore, whether they will be able to realise their assets and extinguish their liabilities in the normal course of business.

The Financial Report does not include adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

(c) Basis of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of the Company and subsidiaries controlled by Questus Limited at the end of the reporting period.

Subsidiaries are all those entities over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the Group have been eliminated on consolidation.

Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of profit or loss and other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Basis of Consolidation (Continued)

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

Goodwill

Goodwill is carried at cost less accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- The consideration transferred;
- Any non-controlling interest; and
- The acquisition date fair value of any previously held equity interest.

Over the acquisition date fair value of net identifiable asset acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

Changes in the ownership interests in a subsidiary are accounted for as equity transactions and do not affect the carrying values of goodwill.

(d) Income Tax

The Income Tax expense (revenue) for the year comprises current Income Tax expense (income) and Deferred Tax expense (income).

Current Income Tax expense charged to the profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred Income Tax expense reflects movements in Deferred Tax Asset and Deferred Tax liability balances during the year as well unused tax losses.

Current and deferred Income Tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred Income Tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred Tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, Deferred Tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred Tax assets and liabilities are offset where: (a) a legally enforceable right of set-off

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Income Tax (Continued)

exists; and (b) the Deferred Tax assets and liabilities relate to Income Taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of Deferred Tax assets and liabilities are expected to be recovered or settled.

Tax Consolidation

Questus Limited and its wholly owned Australian subsidiaries have formed an Income Tax consolidated group under tax consolidation legislation. Each entity in the Group recognises its own current and Deferred Tax assets and liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. Current tax liabilities (assets) and Deferred Tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The tax consolidated group has entered a tax funding arrangement whereby each Company in the consolidated group contributes to the Income Tax payable by the Group in proportion to their contribution to the Group's taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to the head entity.

(e) Plant and Equipment

Plant and equipment are stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight-line basis to write off the net cost (including any expected residual value) over the estimated useful life of the asset as follows:

- Leasehold improvements – 10 years
- Office Equipment – 2 to 10 years
- Computer Software – 2.5 years

Impairment

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(f) Intangible Assets other than Goodwill

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Intangible Assets other than Goodwill (Continued)

An identifiable non-monetary asset without physical substance is recognised as an intangible asset at acquisition cost if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measure reliably. After initial recognition, an intangible asset with a finite useful life is carried at cost less any accumulated amortisation and any accumulated impairment losses.

Australian Financial Services Licence

The expenditure incurred by the Company in relation to the issue by the Australian Securities and Investments Commission of an Australian Financial Services Licence has been capitalised. The Australian Financial Services Licences are an integral part of the cash-generating units. The license has an indefinite useful life and is carried at cost less any accumulated impairment losses.

Impairment

Management makes an assessment at each reporting period on whether there is any indication that the asset may be impaired. If any such indication exists, an estimate is made of the recoverable amount of the asset. The asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.

(g) Financial Instruments

Initial Recognition and Measurement

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification.

Classification and Subsequent Measurement

Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

i. Financial Assets at Fair Value through Profit or Loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either:

(i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or

(ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial Instruments (Continued)

ii. Financial Assets at Fair Value through other Comprehensive Income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

iii. Impairment of Financial Assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

The Company applies the simplified approach to providing for expected credit losses as prescribed by AASB 9 which permits the use of the lifetime expected loss provision for all trade receivables. The loss allowance is based on the Company’s historical collection and loss experience and incorporates forward looking factors, where appropriate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

(h) Employee Benefits

Short-Term Employee Benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Other Long-Term Employee Benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Employee Benefits continued

Equity-Settled Compensation

The Group operates an employee shares ownership plan. Shares-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Shares-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes pricing model. The number of Shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

(i) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(j) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturity of 3 months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

(k) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provisions for impairment, doubtful debts and rebates. Trade receivables are generally due for settlement within 60 days.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue. Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Inventories

Inventories, including land held for resale, are stated at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Cost includes the cost of acquisition, development costs, holding costs and directly attributable interest on borrowed funds where the development is a qualifying asset. Capitalisation of borrowing costs is ceased during extended periods in which active development is interrupted. When a development is completed and ceases to be a qualifying asset, borrowing costs and other costs are expensed as incurred.

(m) Other Financial Liabilities

All loan borrowings and trade and other payables are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. Interest is accrued over the period it becomes due and is recorded as part of other payables.

(n) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use of sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

(o) Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as the lease income.

Operating lease payments are recognised as an expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

(p) Trade and other Payables

These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(q) Loans and Borrowings

Borrowings are classified as current liabilities unless the Consolidated Entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Interest bearing loans and borrowings are recognised initially at fair value less attributable transaction costs.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Revenue

The major sources of revenue that the Group recognises are from the sale of constructed property, activation fees from properties that have been activated under the National Rental Affordability Scheme (NRAS) and management fees from the managing the compliance of the NRAS properties The directors of the Group have assessed that the sale of property, activation fees and management fees present three separate performance obligations.

Revenue for the sale of properties is recognised when control over the corresponding property is transferred to the buyer during settlement. Revenue for the service fees for the activation on NRAS is recognised when the Department of Social Services have allocated the NRAS incentive to the specified lot and the developer of the lot has committed to the construction of the NRAS dwelling. The management fees from NRAS compliance is recognised when the Department of Social Services issues the Refundable Tax Offset Certificate for each NRAS dwellings.

Due to the nature of the product sold, no warranties are attached to the sale, no provision against any future costs are required.

Interest

Revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Other Revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Development Projects and Land Sales

Revenue and profits from the sale of blocks from completed stages of land subdivision are recognised on settlement of the sale. This represents the point when risk and rewards have passed to the buyer.

(s) Good and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(t) Issued Capital

Ordinary Shares are classified as equity. Incremental costs directly attributable to the issue of new Shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(u) Earnings per Share

Basic Earnings per Share

Basic earnings per Shares is determined by dividing profit after Income Tax attributable to members of the Company, excluding any costs of servicing of equity other than Ordinary Shares, by the weighted average number of Ordinary Shares outstanding during the financial year, adjusted for bonus elements in Ordinary Shares issued during the year.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Earnings per Share (Continued)

Diluted Earnings per Share

Diluted earnings per Shares adjusts the figures used in the determination of basic earnings per Shares to take into account the after Income Tax effect of interest and other financing costs associated with diluted potential Ordinary Shares and the weighted average number of Shares assumed to have been issued for no consideration in relation to dilutive potential Ordinary Shares.

(v) Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to Share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

The Group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

(w) Operating Segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Critical Accounting Estimates and Judgments continued

The Directors evaluate estimates and judgments incorporated into the Financial Report based on historical knowledge and best available current information. Judgement exercised includes considering the impacts the COVID-19 pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers and supply chain in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon financial statements or uncertainties with respect to events or conditions which may impact the company unfavourably at the reporting date or subsequently as a result of the COVID-19 pandemic. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key Estimates — Impairment

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions. The key assumptions are detailed in Note 14.

Goodwill

The Group determines whether goodwill with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units to which the goodwill is allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill with indefinite useful life are discussed in Note 14.

Trade Receivables

No other impairment has been recognised in respect of trade and other receivables other than those already disclosed in the financial statements for the year ended 30 June 2020.

Provision for Impairment of Inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, forecasted projected cash flow and other factors that affect inventory impairment.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Critical Accounting Estimates and Judgments continued

Taxation

The Group's accounting policy for taxation requires management's judgement as to the types of arrangements considered to be a tax on income in contrast to an operating cost. Judgement is also required in assessing whether Deferred Tax assets and certain Deferred Tax liabilities are recognised on the statement of financial position. Deferred Tax assets, including those arising from unrecouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. Judgements are also required about the applicable of Income Tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of Deferred Tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised Deferred Tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the statement of profit or loss and other comprehensive income.

On 26 October 2012, the Group failed the continuity of ownership test ("COT") in order to carry forward the tax losses to be utilised in future taxable profits. However, the Directors have considered the same business test ("SBT") and believe that the Group is able to satisfy the SBT test in the future period when tax losses are utilised. On that basis, no adjustment is provided against the Deferred Tax balances. Should the Group fail the SBT in a future period, a reversal of Deferred Tax assets would be recognised in statement of profit or loss and other comprehensive income. The balance of Deferred Tax assets related to carry forward tax losses is disclosed in Note 18.

3 REVENUE AND EXPENSES

	2020 $	2019 $
Revenue		
Revenue		
NRAS income	2,284,485	295,364
Sale of development stock	-	426,214
Commission income	-	14,000
Management fees	265,466	425,373
	2,549,951	1,265,727
Other Income		
Finance revenue – bank and loan interest	1,938	5,073
Sundry income	75,012	99,703
Recovery of expenses	-	15,673
	76,950	15,673
Total revenue	2,626,901	1,281,400

All revenue above are recognised at a point in time when control is transferred as per AASB 15

Expenses

	2020 $	2019 $
(a) Impairment of Assets and Investments		
Impairment in value of property development inventory	589,192	188,898
(b) Provision for Expected Credit Losses		
Allowance for expected credit losses	161,530	250,750

3 REVENUE AND EXPENSES (CONTINUED)

	2020 $	2019 $
(c) Other Expenses		
Consultants and contractors	1,006,077	510,541
Legal costs	128,740	78,056
Rent and outgoings	40,832	46,830
Accounting & audit	100,095	114,120
Travel & entertainment	59,008	36,072
Office costs	55,872	42,314
Insurance	72,421	62,165
Compliance and Shareholder expenses	25,849	50,536
Other expenses	117,564	87,523
	1,606,458	1,028,157

4 INCOME TAX

	2020 $	2019 $
a. Major components of Income Tax expense comprise:		
The components of tax expenses comprise:		
Current Tax	-	-
Deferred Tax expense / (benefit)	78,960	1,198,427
Income Tax expense / (benefit)	78,960	1,198,427
b. The prima facie tax on profit before Income Tax is reconciled to the Income Tax as follows:		
Prima facie tax / (benefit) payable on (loss) / profit before Income Tax at 27.5%	(79,458)	(355,639)
Add tax effect of:		
Expenditure not allowable for Income Tax	498	1,333
Tax benefits brought to account	(37,358)	(40,799)
Less Tax Effect of:		
Income not assessable for Income Tax		-
Change in Company tax rate		-
Deferred tax assets written off	37,358	1,593,532
Income Tax expense / (benefit) attributable to entity	(78,960)	1,198,427
The applicable weighted average effective tax rates are as follows:	27.3%	92%

5 EARNINGS PER SHARE

The following reflects the income and Shares data used in the total operations basic and diluted earnings per Shares computations:

	2020 $	2019 $
(Loss) / profit from continuing operations attributable to ordinary Shareholders for basic and diluted earnings per Share	(209,980)	(2,491,661)
Weighted average number of Ordinary Shares for basic earnings per Share	92,707,553	92,707,553
Weighted average number of Ordinary Shares dilutive earnings per Share	92,707,553	92,707,553

6 CASH AND CASH EQUIVALENTS

Cash at bank and on hand – unrestricted	508,826	487,437
Cash at bank – restricted *	431	648
	509,257	488,085

* restricted cash relates to Questus Warrant Holder's Funds

Reconciliation of Cash:

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:

Cash at bank and in hand	509,257	488,085
	509,257	488,085

7 TRADE AND OTHER RECEIVABLES

	2020	2019
	$	$
CURRENT		
Trade receivables	1,236,369	1,377,638
Less expected credit losses	(566,280)	(404,750)
Accrued income	-	19,000
Proceeds receivable from sale of Shares and other receivables	436,543	625,627
Bonds	20,000	20,000
	1,126,632	1,637,515
NON-CURRENT		
Other receivables	215,074	215,076
	215,074	215,076

For terms and conditions relating to related party receivables, refer to Note 26.

Expected Credit Losses

Credit Risk

The Company's financial instruments exposed to concentrations of credit risk consist primarily of cash and accounts receivable. The Company minimises the credit risk of cash by depositing with reputable financial institutions. The Company's objective with regard to credit risk in its operating activities is to reduce its exposure to losses. As of 30 June 2020 the overdue accounts receivable balance is $1,033,243 (June 2019 $972,888). The Company believes that the balance is collectible and that no additional allowance is required.

The Company applies the simplified approach to providing for expected credit losses as prescribed by AASB 9 which permits the use of the lifetime expected loss provision for all trade receivables. The loss allowance is based on the Company's historical collection and loss experience and incorporates forward looking factors, where appropriate. The provision matrix below shows the expected credit loss rate at each aging category of receivables.

	Current	Aged 1-30 days past due	Aged 31 -60 days past due	Aged > 60 days past due	**TOTAL**
Expected loss rate	21%	35%	43%	52%	
Gross carrying amount	$203,153	$62,761	29,045	$941,437	**$1,236,369**
Loss allowance provision, End of period	$42,276	$21,966	$12,489	$489,549	**$566,280**

7 TRADE AND OTHER RECEIVABLES (CONTINUED)

Expected Credit Losses

Movement in expected credit losses of receivables is as follows:

	Opening Balance 01/07/2018	Charge for the Year	Amounts Written Off	Closing Balance 30/06/2019
	$	$	$	$
(i) Current trade receivables	154,000	250,750	-	404,750
(ii) Non-current other related parties	-	-	-	-
	154,000	250,750	-	404,750

	Opening Balance 01/07/2019	Charge for the Year	Amounts Written Off	Closing Balance 30/06/2020
	$	$	$	$
(i) Current trade receivables	404,750	161,530	-	566,280
(ii) Non-current other related parties	-	-	-	-
	404,750	161,530	-	566,280

8 INVENTORIES

	2020 $	2019 $
Land held for resale – at cost		
Current	124,021	124,021
Non-current	1,490,000	2,078,922
	1,614,021	2,202,943

No borrowing costs, interest and holding costs incurred were capitalised during the year (2019: $0).

9 OTHER ASSETS

CURRENT		
Prepaid IT maintenance	3,873	-
Prepaid Insurance	54,458	59,151
	58,331	59,151

10 OTHER FINANCIAL ASSETS

		2020 $	2019 $
NON-CURRENT			
Other financial assets carried at fair value	10a	4,043	4,312
		4,043	4,312

a. Other financial assets

	2020 $	2019 $
Listed investment, at fair value		
Shares in listed trust	133,861	133,861
Expected credit losses	(129,818)	(129,549)
	4,043	4,312

11 CONTROLLED ENTITIES

a. Controlled Entities Consolidated:

	Country of incorporation	Percentage owned (%)	
Subsidiaries of Questus Limited		2020	2019
Questus Capital Solutions Limited	Australia	100	100
Questus Funds Management Limited	Australia	100	100
Questus Administration Services Pty Ltd	Australia	100	100
Questus Warrants Pty Ltd	Australia	100	100
Questus Asset Management Pty Ltd	Australia	100	100
Questus Property Management Pty Ltd	Australia	100	100
Financial Resources Securities Pty Ltd	Australia	100	100
FRL (WA) Pty Ltd	Australia	100	100
Questus Holdings Pty Ltd	Australia	100	100
Subsidiaries of Questus Asset Management Pty Ltd:			
McNicholl Rockingham Pty Ltd	Australia	100	100
Dalmatio Broome Pty Ltd	Australia	100	100
Commonage Dunsborough Pty Ltd	Australia	100	100
Ellen Stirling Ellenbrook Pty Ltd	Australia	100	100
Nishji Broome Pty Ltd	Australia	100	100
St Andrews Yanchep Pty Ltd	Australia	100	100

11 CONTROLLED ENTITIES (Continued)

Subsidiaries of Questus Holdings Pty Ltd			
APMF Victoria Pty Ltd	Australia	100	100
APMF NSW Pty Ltd	Australia	100	100
Subsidiaries of Questus Funds Management Ltd			
ERRT Pty Ltd	Australia	100	100

12 PLANT AND EQUIPMENT

	Office Equipment	Computer Software	Leasehold Improvements	Right Of Use	Total
	$	$	$	$	$
2020					
Carrying amount at beginning of year	12,010	10,405	11,477	-	33,892
Additions	27,085	38,367	-	27,008	92,460
Disposals	-	-	-	-	-
Depreciation	(5,870)	(16,036)	(2,296)	(6,752)	(30,954)
Balance at end of year	33,225	32,736	9,182	20,256	95,398
Cost	42,227	53,220	14,386	33,760	143,593
Accumulated depreciation	(9,002)	(20,484)	(5,204)	(13,504)	(48,195)
Net carrying amount	33,225	32,736	9,182	20,256	95,398

	Office Equipment	Computer Software	Leasehold Improvements	Total
	$	$	$	$
2019				
Carrying amount at beginning of year	6,480	9,578	14,346	30,404
Additions	8,533	5,017	-	13,550
Disposals	-	-	-	-
Depreciation	(3,003)	(4,190)	(2,869)	(10,062)
Balance at end of year	12,010	10,405	11,477	33,892
Cost	15,143	14,853	14,386	44,382
Accumulated depreciation	(3,133)	(4,448)	(2,909)	(10,490)
Net carrying amount	12,010	10,405	11,477	33,892

13 INTANGIBLE ASSETS

	2020	2019
	$	$
Goodwill at cost	534,134	534,134
Accumulated impairment losses	-	-
Net carrying value	534,134	534,134
Cost		
Balance at beginning of the year	534,134	534,134
Balance at end of the year	534,134	534,134
Licences	132,720	132,720
Less accumulated amortisation	(118,620)	(118,620)
Net carrying value	14,100	14,100
Total intangibles	548,234	548,234

Reconciliation of carrying amounts at the beginning and end of the year:

	Goodwill	Licences
	$	$
2020		
At 1 July 2019	534,134	14,100
Additions	-	-
Amortisation charge	-	-
Disposal/written off	-	-
At 30 June 2020	534,134	14,100
2019		
At 1 July 2018	534,134	14,100
Additions	-	-
Amortisation charge	-	-
Disposal/written off	-	-
At 30 June 2019	534,134	14,100

13 INTANGIBLE ASSETS (CONTINUED)

Impairment Disclosures

Goodwill is allocated to cash-generating units (CGU).

	2020 $	2019 $
Questus Capital Solutions Limited and Questus Funds Management Ltd – compliance management and sale of financial products including financial products associated with the incentives for the Federal Government National Rental Affordability Scheme	534,134	534,134

2020

The recoverable amount of each cash-generating unit above is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a 5-year period.

The following key assumptions were used in the value-in-use calculations:

Questus Capital Solutions Limited and Questus Fund Management Limited

Cash generating unit

- Growth Rate – 12% (2019:12%)
- Discount Rate – 0% (2019:1%)

Management has based the value-in-use calculations on budgets for each reporting segment. These budgets use current industry prices to project revenue. The management revenue for the compliance of the NRAS properties, and the activation of the NRAS allocations form part of the revenue for the CGU. Costs are calculated taking into account historical gross margins as well as estimated weighted average inflation rates over the period, which are consistent with inflation rates applicable to the locations in which the segments operate. Discount rates are pre-tax and are adjusted to incorporate risks associated with a particular segment.

The Board has determined there are no reasonably possible changes that could occur in the key assumptions that would cause the carrying amount of this CGU to exceed their recoverable amount.

14 TRADE AND OTHER PAYABLES

CURRENT	2020 $	2019 $
Trade payables	89,971	84,300
Other payables	111,382	106,163
GST payable	24,941	42,077
Amount payable to related parties	2,440	2,440
	228,734	234,980

15 INTEREST-BEARING LIABILITIES

	2020	2019
	$	$
CURRENT		
Interest payable	217,767	359,106
Insurance funding - unsecured	55,059	58,450
	272,826	417,556
NON-CURRENT		
Loans – secured [1][2][3]	5,515,000	6,115,000
	5,515,000	6,115,000
The carrying amounts of current assets pledged as security are:		
Inventories	1,614,021	2,202,943
	1,614,021	2,202,943

[1] The loans are secured by a General Security Deed as well as specific inventory assets of the Consolidated Entity.
[2] Includes loan in APMF Victoria Pty Ltd.
[3] Includes loans with APMF NSW Pty Ltd.

Summary of Material Terms of Loan Agreements with APMF Victoria Pty Ltd

Questus Limited (the Company), Questus Funds Management Ltd (QFML) being a wholly owned subsidiary of the Company, Questus Capital Solutions (QCS) being a wholly owned subsidiary of the Company, Questus Property Management Pty Ltd (QPM) being a wholly owned subsidiary of the Company, entered into an Agreement with APMF Victoria Pty Ltd for a loan facility totalling $3,750,000. The facility was fully drawn down at 30 June 2020. The loan is secured by a general Security Deed over the Company, QFML, QCS and QPM. The maturity dates of the loans are 31 December 2021. The loan is charged with interest of 8% p.a (2019: 8% p.a).

Nishji Broome Pty Ltd (NB) a wholly owned subsidiary of Questus Limited, entered into an Agreement with APMF Victoria Pty Ltd for a loan facility of $300,000. At 30 June 2020, the loan facility was fully drawn. The loan is secured by a registered first mortgage over a Nishji property asset. The maturity date of the loan is 31 December 2021. The loan is charged with interest of 8% p.a (2019: 8% p.a).

Summary of Material Terms of Loan Agreements with APMF NSW Pty Ltd

Questus Limited (the Company) Questus Fund Management Ltd (QFML), being a wholly owned subsidiary of the Company, Questus Property Management Pty Ltd (QPM) being a wholly owned subsidiary of the Company, Questus Capital Solutions Pty Ltd (QCS) being a wholly owned subsidiary of the Company entered into an Agreement with APMF NSW Pty Ltd for a loan facility totalling $2,100,000. The facility was drawn to $1,765,000 at 30 June 2020. The loan is secured by a general Security Deed over the Company, QFML and QCS. The maturity dates of the loan are 31 December 2021. The loan is charged with interest of 8% p.a (2019: 8% p.a).

15 INTEREST-BEARING LIABILITIES (CONTINUED)

Financing Arrangements:

	2020	2019
	$	$
Working capital facilities - related party	6,150,000	6,150,000
Amount utilised	(5,515,000)	(6,115,000)
Amount unused at reporting date	635,000	35,000
Working capital facilities - nonrelated party	-	-
Amount utilised	-	-
Amount unused at reporting date	-	-
Total	635,000	35,000

16 LEASE LIABILITIES

	2020	2019
	$	$
CURRENT		
Lease Liability	6,665	-
	6,665	-
NON-CURRENT		
Lease Liability	15,033	-
	15,033	-

17 DEFERRED TAX

NON-CURRENT

	Opening Balance	Charged to Income	Charged to Equity	Opening Balance Adjustment	Closing Balance
Deferred Tax Asset	**$**	**$**	**$**	**$**	**$**
Provisions	35,626	74	-	-	35,700
Trade and other payables	29,195	1,435	-	-	30,630
Borrowing costs	98,753	(38,867)	-	-	59,886
Tax losses	3,415,644	78,960	-	-	3,494,604
Change in Company Tax Rate	(130,930)	-	-	-	(130,930)
Deferred Tax Assets not brought to account	(1,007,756)	37,358	-	-	(970,398)
Deferred Tax Assets written off	(1,593,532)	-	-	-	(1,593,532)
Balance at 30 June 2020	847,000	78,960	-	-	925,960

2019

	Opening Balance	Charged to Income	Charged to Equity	Opening Balance Adjustment	Closing Balance
Deferred Tax Asset					
Provisions	37,837	(2,211)	-	-	35,626
Trade and other payables	10,334	18,861	-	-	29,195
Borrowing costs	74,605	24,148	-	-	98,753
Others	-	-	-	-	-
Tax losses	3,061,338	354,306	-	-	3,415,644
Change in Company Tax Rate	(130,930)	-	-	-	(130,930)
Deferred Tax Assets not brought to account	(1,007,756)	-	-	-	(1,007,756)
Deferred Tax Assets written off	-	(1,593,532)	-	-	(1,593,532)
Balance at 30 June 2019	2,045,428	(1,198,427)	-	-	847,000

17 DEFERRED TAX (CONTINUED)

The Company has recognised a net Deferred Tax Asset of $925,960 (2019: $847,000). The Company's Deferred Tax asset, in part, is a result of the property development losses incurred in previous years. Over the past 2 years the Company has substantially reduced its property development activities with taxable income derived from the supply and compliance management of incentives under the National Rental Affordable Scheme. The Company would expect to realise the Deferred tax assets over the next 12 months.

On the 26th October 2012 the Company had a change in ownership of more than 50% and therefore uses the "Same Business Test" to test the deductibility of carried forward losses. The Company believes that the conditions allowing the deductibility of the carried forward losses of $8,766,305 under the same business test (SBT) method have been met as at 30 June 2020. Should the SBT not satisfied at the time been tested, the carried forward losses will not be able to be utilised.

18 ISSUED CAPITAL

	2020	2019
	$	$
92,707,553 (2017: 92,707,553) fully paid Ordinary Shares	19,556,370	19,556,370

a. Movement in Ordinary Shares Capital:

	Number	$
At 1 July 2019	92,707,553	19,556,370
Shares issued	-	-
Balance at 30 June 2020	92,707,553	19,556,370
At 1 July 2018	92,707,553	19,556,370
Shares issued	-	-
Balance at 30 June 2019	92,707,553	19,556,370

b. Capital Management

Management controls the capital of the Group in order to maintain a good debt to equity ratio, provide the Shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital includes Ordinary Shares capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing its financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to Shareholders and Shares issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

18 ISSUED CAPITAL (CONTINUED)

The gearing ratios for the year ended 30 June 2020 and 30 June 2019 are as follows:

	Note	2020	2019
		$	$
Total borrowings	15,16	6,038,259	6,783,632
Less cash and cash equivalents	7	(509,257)	(488,085)
Net debt		5,529,002	6,295,547
Total equity		(941,308)	(731,329)
Total capital		4,587,694	5,564,218
Gearing ratio		121%	113%

19 EQUITY- RESERVE

Shares option reserve	152,890	152,890

Shares option reserve:

The option issue reserve is used to accumulate amounts received on the issue of options and records items recognised as expenses on valuation of incentive-based Share options.

Movement *in Reserves:*

There are no movements in the Share option reserve during the year.

20 EQUITY- ACCUMULATED LOSSES

Accumulated losses at beginning of the financial year	(20,440,588)	(17,948,927)
(Loss) / profit after Income Tax for the year	(209,980)	(2,491,661)
Accumulated losses at the end of the financial year	(20,650,568)	(20,440,588)

21 CASH FLOW INFORMATION

	Consolidated	
	2020	2019
	$	$
a. Reconciliation of Net Cash Flows from Operating Activities to Profit after Income Tax:		
(Loss) / profit after Income Tax	(209,980)	(2,491,661)
Non-cash flows from operating activities:		
Capitalised development costs written off	588,922	188,898
Depreciation and amortisation	30,837	10,178
Loss on disposal of assets	-	-
Allowance for credit losses	161,530	250,750
Impairment loss	270	-
Movement in Working Capital		
Trade and other receivables	141,273	147,201
Inventories	-	313,752
Other assets	820	(5,480)
Trade payables and accruals	(33,260)	(24,837)
Interest payable	(141,337)	87,812
Deferred Tax asset	(78,960)	1,198,427
Net cash (used in) / generated by operating activities	460,115	(324,960)

22 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Board of Directors has considered the business from both a geographic and business segment perspective and has identified one reportable segment. The identifiable reportable segment is the delivery and management of dwellings and incentives regarding the National Rental Affordability Scheme (NRAS) for the domestic Australian market.

The Group is domiciled in Australia and all operating activities are located in Australia. All revenue from external customers is from customers located in Australia. Segment revenues are allocated based to the country in which the customer is located.

The Group has a large number of customers to which it provides both products and services. The Group does not rely on any single customer for a significant portion of revenues.

23 FINANCIAL RISK MANAGEMENT

a. Financial Risk Management Policies

The Group's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, loans to and from subsidiaries, bills, leases, and promissory notes.

The main purpose of non-derivative financial instruments is to finance for Group operations.

Derivatives are not used by the Group.

The totals for each category of financial instruments, measured as detailed in the accounting policies to these financial statements, are as follows:

	Note	2020	2019
Financial Assets		$	$
Cash and cash equivalents	6	509,257	488,085
Trade and other receivables*	7	1,126,632	1,637,515
Other financial assets			
Listed investment (at fair value)	10(a)	4,043	4,312
Total Financial Assets		1,639,932	2,129,912
Financial Liabilities			
Financial liabilities at amortised cost			
- Trade and other payables**	14	421,560	552,009
- Borrowings	15	5,591,758	6,173,451
- Lease liability	16	21,698	-
Total Financial Liabilities		6,035,016	6,725,460

* Excludes GST receivable on accrued revenue.
** Excludes GST payable on accrued expenses.

Treasury Risk Management

The Board of Directors is responsible for managing financial risk exposure of the Group. The Board of Directors monitors the Group's financial risk management policies and exposures and approves financial transactions within the scope of its authority. It also reviews the effectiveness of internal controls relating to counterparty credit risk liquidity risk and interest rate risk. The Board of Directors meets on a regular basis to discuss the financial risk exposure of the Group.

Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Interest Rate Risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's long-term debt obligations.

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debt. At reporting date, the Group fixed 100% (2019: 100%) of its debts at fixed rate.

23 FINANCIAL RISK MANAGEMENT (CONTINUED)

a. Financial Risk Management Policies (Continued)

Liquidity Risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, finance leases, hire purchase contracts and funding arrangements.

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

Credit Risk

The Group monitors credit risk by actively assessing the rating quality and liquidity of counter parties.

The Group trades only with recognised, creditworthy third parties.

It is the Group policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

There are no significant concentrations of credit risk within the Group.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial performance and notes to the financial statements.

Credit risk is managed on a Group basis and reviewed regularly. It arises from exposures to customers as well as through certain deposits with financial institutions.

The Group provided for a deferred sale proceed for the sale of Questus Realty Pty Ltd which was a wholly owned subsidiary. The amount receivable is secured by a specific security deed with the security registered with the Personal Properties Securities Register (PPSR). The security deed remains in place until the deferred settlement is fully satisfied. Other receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Price Risk

The Consolidated Entity is not exposed to any significant price risk.

The aging of the Group's trade and other receivable at the reporting date was:

	2020 $	2019 $
Trade and Other Receivables		
Not past due - current	1,126,632	1,598,516
Not past due – non-current	215,076	215,076
Total	1,341,708	1,813,592

23 FINANCIAL RISK MANAGEMENT (CONTINUED)

i. Financial Instrument Composition and Maturity Analysis:

The following table sets out the carrying amount, by maturity, of the financial instruments that are exposed to interest rate risk:

	Weighted Average Effective Interest Rate	Carrying amount liabilities	Total contractual liabilities	<1 Year	>1 - <5 Years	>5 Years	Total
2020	%	$	$	$	$	$	$
Financial Liabilities - Fixed Rate							
Trade and other payables	-	(228,734)	(228,734)	(228,734)	-	-	(228,734)
Loans – secured	8.0%	-	-	-	(5,530,034)	-	(5,530,034)
Loans – unsecured	7.48%	-	-	(61,723)	-	-	(61,723)
Lease Liability	8%	-	-	(6,665)	(15,033)		(21,698)
		(228,734)	(228,734)	(68,388)	(5,545,067)	-	(5,613,455)
Financial Assets - Floating Rate							
Cash assets	0.6%	-	-	509,257	-	-	509,257
		-	-	509,257	-	-	509,257
2019							
Financial Liabilities - Fixed Rate							
Trade and other payables	-	(234,980)	(234,980)	(234,980)	-	-	(234,980)
Loans – secured	8.0%	-	-	-	(6,115,000)	-	(6,115,000)
Loans – unsecured	5.06%	-	-	(58,451)	-	-	(58,451)
		(228,734)	(228,734)	(58,451)	(6,115,000)	-	(6,173,451)
Financial Assets - Floating Rate							
Cash assets	0.6%			488,085	-	-	488,085
				488,085	-	-	488,085

23 FINANCIAL RISK MANAGEMENT (CONTINUED)

i. Financial Instrument Composition and Maturity Analysis (continued):

Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. Interest on financial instruments classified as fixed rate is fixed until maturity of the instrument.

The other financial instruments of the Group that are not included in the above tables are non-interest bearing and are therefore not subject to interest rate risk.

Trade and other payables are expected to be paid as follows:

	2020	2019
	$	$
Less than 6 months	446,502	594,086
	446,502	594,086

ii. Net Fair Values

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

iii. Sensitivity Analysis

Interest Rate Sensitivity Analysis

At 30 June 2020, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant are immaterial. This is due to 100% (2019: 100%) of the debts are fixed and the cash at bank do not have high yield interest rate.

24 RELATED PARTY DISCLOSURE

(a) *Parent Entity*

Questus Limited is the Parent Entity.

(b) *Subsidiaries*

Interests in subsidiaries are set out in note 12.

(c) *Key Management Personnel*

Disclosures relating to Key Management Personnel are set out in note 28 and the Remuneration Report in the Directors' Report.

(d) *Terms and Conditions*

All transactions were made on normal commercial terms and conditions and at market rates unless otherwise stated.

(e) *Loans*

The following table sets out the related party loans included in the statement of financial position of the Group.

		2020	2019
Loan provided by:	**Loan provided to/ (from):**	**$**	**$**
Questus Securities Pty Ltd [1]	Questus Limited and its subsidiaries	(2,439)	(7,046)
APMF Victoria Trust [2]	Questus Limited and its subsidiaries	3,750,000	4,050,000
APMF NSW Trust [2]	Questus Limited and its subsidiaries	1,765,000	2,065,000

The terms and condition of the loans provided to the Company by APMF Victoria Trust and APMF NSW Trust are detailed in note 16.

(f) *Payables and Receivables*

The following amounts appear as trade and other payables and trade and other receivables respectively in the statement of financial position of the Group.

	2020	2019
	$	**$**
Receivables		
Australia Property Mortgage Fund [2]	-	137,069

24 RELATED PARTY DISCLOSURE (CONTINUED)

(g) Services provided to Questus Limited and its Subsidiaries

		2020	2019
		$	**$**
Service provided by	**Nature of services**		
Questus Securities Pty Ltd [1]	Management fees	878,172	479,673
APMF NSW Trust [2]	Interest on loans and borrowing costs	150,471	165,200
APMF Victoria Trust [2]	Interest on loans and borrowing costs	310,257	324,438

[1] DJ Somerville and RW Olde are Directors of this Company.
[2] DJ Somerville and RW Olde are Directors of the Trustee Company for the Trust.

25 AUDITORS' REMUNERATION

	2020	2019
	$	**$**
Remuneration of the Auditor for:		
Auditing or reviewing the Financial Report- William Buck	63,700	65,103
Audit of AFSL licence - William Buck	9,093	12,050
Taxation services - William Buck	8,697	7,496
	81,490	84,649

26 KEY MANAGEMENT PERSONNEL

Key Management Personnel Remuneration

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's Key Management Personnel for the year ended 30 June 2020.

	2020	2019
	$	**$**
Short-term employee benefits	439,000	447,282
Post-employment benefits	9,500	9,500
	448,500	456,782

27 FAIR VALUE MEASUREMENT

Fair Value Hierarchy

The following tables detail the Consolidated Entity's assets and liabilities, measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

2020	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Other financial assets	4,043	-	-	4,043
Total assets	4,043	-	-	4,043
2019				
Assets				
Other financial assets	4,312	-	-	4,312
Total assets	4,312	-	-	4,312

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

28 CONTINGENT LIABILITIES AND ASSETS

There are no contingent assets or contingent liabilities.

In the course of its normal business the Group occasionally receives claims or writs for damages and other matters arising from its operations. Where, in the opinion of the Directors, it is deemed appropriate, a specific provision is made in relation to such matters, otherwise the Directors deem such matters to be either without merit or of such kind or involve such amounts that would not have a material adverse effect on the operating results or financial position of the Group if disposed of unfavourably. As at the date of this report, no specific provisions have been made in relation to such matters.

Guarantees & Other Commitments

Questus Limited may provide a guarantee for funding arrangements by its subsidiaries. The total value of loans to which Questus Limited is guarantor is $Nil (2019: $NIL).

29 PARENT ENTITY DISCLOSURES

a) **Financial Information Parent**	**2020**	**2019**
	$	**$**
(Loss) / profit for the year	(496,137)	(709,843)
Total comprehensive (loss) / income	(496,137)	(709,843)
Assets		
Current assets	4,134,555	5,713,081
Non-current asset	3,691,012	4,701,279
Total assets	7,825,567	10,414,360
Liabilities		
Current liabilities	271,908	-
Non-current liabilities	5,214,991	6,221,341
Total liabilities	5,486,899	6,221,341
Net Assets	2,338,668	4,139,019
Equity		
Issued capital	19,524,552	19,556,370
Reserves	152,890	152,890
Accumulated losses	(17,338,774)	(15,516,241)
Total equity	2,338,668	4,193,019

b) No guarantees entered into by the parent entity in relation to the debts of its subsidiaries;
c) No contingent liabilities of the parent entity; and
d) No contractual commitments by the parent entity for the acquisition of property, plant or equipment.

30 EVENTS AFTER THE END OF THE REPORTING PERIOD

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations, the result of those operations or the state of affairs, in future financial years.

DIRECTORS' DECLARATION

In accordance with a Resolution of the Directors of Questus Limited, I state that:

1. In the opinion of the Directors:

(a) the financial statements and notes of the Consolidated Entity are in accordance with the Corporations Act 2001, including:

(i) Give a true and fair view of the financial position of the Consolidated Entity as at 30 June 2020 and of its performance for the year ended on that date; and

(ii) Comply with Australian Accounting Standards, which, as stated in accounting policy Note 2 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS);

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

2. This declaration has been made after receiving the declarations required to be made by the Directors in accordance with sections of 295A of the Corporations Act 2001 for the financial year ended 30 June 2020.

On behalf of the Board

GM Goff
Director

Dated at Perth this 31st day of August 2020

Questus Limited

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Questus Limited (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:
(i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Questus Limited

Independent auditor's report to members

Material Uncertainty Related to Going Concern

We draw attention to Note 2(b) of the financial statements which indicates that the Group incurred a net loss after income tax of $209,980 for the year ended 30 June 2020 and as at 30 June 2020 has net liabilities of $941,308. As stated in Note 2(b), these events or conditions, along with other matters set forth in Note 2(b), indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

ASSESSMENT OF CARRYING VALUE OF GOODWILL	
Area of focus **Refer also to notes 2(c), 2(x) and 13**	**How our audit addressed it**
The Group's net assets include a significant amount of goodwill. There is a risk that the entities in the Group may not trade in line with initial expectations and forecasts, resulting in the carrying amount of goodwill exceeding the recoverable amount and therefore requiring impairment. The recoverable amount of the relevant cash generating unit (CGU) has been calculated based on value-in-use. These recoverable amounts use discounted cash flow forecasts in which the directors make judgements over certain key inputs, for example but not limited to revenue growth linked to known contracts, discount rates applied and inflation rates. Overall due to the high level of judgement involved, and the significant carrying amounts involved, we have determined that this is a key judgemental area that our audit concentrated on.	Our audit procedures included: — a detailed evaluation of the Group's budgeting procedures upon which the forecasts are based and testing the principles and integrity of the discounted future cash flow model. — testing the accuracy of the calculation derived from the forecast model and assessing the key inputs in the calculations such as revenue growth linked to known contracts, discount rates and working capital assumptions, by reference to the board approved forecasts, data external to the Group and our own views. We also considered the adequacy of the Group's disclosures in relation to the impairment testing.

RELATED PARTY TRANSACTIONS	
Area of focus **Refer also to Remuneration Report on pages 7 to 12 and Note 26**	**How our audit addressed it**
There have been numerous related party transactions with entities where key management personnel of the Group have interests and/or are directors. As, such, there is a risk that not all related party transactions are disclosed in the financial report or that related party transactions have been made on non-arm’s length basis. This could result in insufficient information being provided in order to enable the reader to understand the nature and effect of the various related party relationships and transactions.	Our audit procedures included: — Comparing the list of related parties provided by the directors with internal and external sources. — Conducting an ASIC search for external directorships held by the board members and key management personnel to evaluate whether all related party relationships and transactions had been appropriately identified and disclosed. — Assessing whether related party transactions were conducted at arm’s length by comparing the basis of the transactions to external sources. For each class of related party transaction, we compared the financial statement disclosures against the underlying transactions and the accounting and *Corporations Act 2001* requirements.

VALUATION OF INVENTORY – LAND HELD FOR RESALE	
Area of focus **Refer also to notes 2(l), 2(x) and 8**	**How our audit addressed it**
The Group’s inventories of $1.6m are significant to the financial statements. Inventories, being land held for resale, are required to be carried at lower of cost and net realisable value. The valuation of land held for resale involves judgement by management depending on cost of acquisition, development costs, holding costs and directly attributable costs.	Our audit procedures included: — Performing land title searches to ensure that the land held for resale are in the Group’s name. — A review of expected sales to ensure land held for resale was valued at the lower of cost and net realisable value and ensured costs assigned to land held for resale were reasonable. — A review of management’s determination of costs in valuing land held for resale and the expected selling price.

	— An evaluation of management's judgements and assumptions used in determining the need for any provision for impairment. — We have also assessed the adequacy of disclosures in the notes to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information in the Company's annual report for the year ended 30 June 2020, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.
A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our independent auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included on pages 7 to 12 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Questus Limited, for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

William Buck

William Buck Audit (WA) Pty Ltd
ABN 67 125 012 124

CM

Conley Manifis
Director

Dated this 31st day of August 2020

ADDITIONAL SECURITIES EXCHANGE INFORMATION

Additional information required by the Australian Securities Exchange Listing Rules and not disclosed elsewhere in this report. This information was prepared based on Shares registry information processed up to 1 August 2019 and using the last traded Shares price of 2.0 cents.

DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of listed equity security holders by size of holding:

	Ordinary Shares	**Shares Options**	**Ordinary Shares**	**Shares Options**
	2020		**2019**	
1 - 1,000	109	-	111	-
1,001 - 5,000	93	-	93	-
5,001 - 10,000	73	-	73	-
10,001 - 100,000	101	-	102	-
100,001 and over	46	-	45	-
	422	-	424	-
Number of Shareholders holding less than a marketable parcel:	0			-

STATEMENT OF QUOTED SECURITIES

Listed on the Australian Securities Exchange are 92,707,533 (2019: 92,707,553) fully paid Shares and Nil (2018: Nil) options.

ADDITIONAL SECURITIES EXCHANGE INFORMATION

EQUITY SECURITY HOLDERS

The names of the twenty largest holders of equity securities are listed below:

	31-July-20		30-Jun-19	
	Ordinary Shares		Ordinary Shares	
Name	Number	% Holding	Number	% Holding
HSBC CUSTODY NOM AUST LTD	49,803,602	53.72%	49,803,602	53.72%
SOMERVILLE SUPER FUND PL	16,556,198	17.86%	16,556,198	17.86%
AMBER MGNT PL	3,950,000	4.26%	4,150,000	4.48%
QUESTUS CAP GRP PL	2,574,517	2.78%	2,574,517	2.78%
NWR GRP PL	2,500,000	2.70%	2,500,000	2.70%
OAKPREY PL	1,000,000	1.08%	1,000,000	1.08%
NORTHCLIFFE TIMBER CLUSTE	800,000	0.86%	800,000	0.86%
HUNTER DEVELOPEMENTS 2001	700,000	0.76%	700,000	0.76%
MCGAVIN ROBERT BERNARD A	628,808	0.68%	628,808	0.68%
KONG SHAYNE JAMES	600,000	0.65%	600,000	0.65%
HOWELLS PETER	600,000	0.65%	600,000	0.65%
POLLASTRI REMO + JEANNE	595,000	0.64%	595,000	0.64%
PJWO PL	590,000	0.64%	590,000	0.64%
KAEMPF HANSPETER + ANITA	544,045	0.59%	544,045	0.59%
ALSFORD PL	526,125	0.57%	526,125	0.57%
OLDE QUENTIN JAMES	447,858	0.48%	447,858	0.48%
MURRAYDALE NOM PL	435,000	0.47%	435,000	0.47%
CASEY JL + EA	390,000	0.42%	390,000	0.42%
BNP PARIBAS NOM PL	327,945	0.35%	327,945	0.35%
GEDGE G W + ADAM-GEDGE S	325,000	0.35%	325,000	0.35%
CRAIG + ALLISON HARDMAN	250,000	0.27%	-	-
	84,144,098	90.76%	84,094,098	90.05%

ADDITIONAL SECURITIES EXCHANGE INFORMATION

SUBSTANTIAL SHAREHOLDERS

Name	Ordinary Shares Number	
	2020	**2019**
CREST CAPITAL ASIA PTE LTD	49,803,602	49,803,602
SOMERVILLE SUPER FUND PTY LTD	16,556,198	16,556,198

Voting Rights:

Ordinary Shares

All Ordinary Shares carry one vote per Shares without restriction.

Partly Paid Shares

No voting rights

Options

No voting rights.

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QUESTUS